



FISCAL MEMORANDUM

HB 1741 - SB 2721

March 15, 2022

SUMMARY OF BILL AS AMENDED (015303): Authorizes a full-time public-school teacher to be eligible for enrollment in one course, one time in a graduate program related to the field of teaching at any state-supported college or university, without paying tuition or fees, including online course fees for a course taken through the regents online degree programs. Authorizes the Tennessee Higher Education Commission (THEC) to promulgate rules as are necessary to implement this section, including rules for the allocation of appropriations specifically appropriated for the fee waiver.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures – Exceeds \$413,300/FY22-23/General Fund

**Decrease State Revenue – Exceeds \$292,800/FY23-24 and Subsequent Years/
Locally Governed Institutions**

**Exceeds \$120,500/FY23-24 and Subsequent Years/
University of Tennessee System**

Assumptions for the bill as amended:

- Tennessee Code Annotated § 8-50-114 grants eligibility to full-time state employees to receive a tuition and fee waiver for up to four courses per academic year at any state-supported college or university
- Public school teachers are not currently eligible for this educational benefit.
- It is assumed that all teachers who are currently taking courses and paying tuition and fees will opt to use the waiver; it is also assumed that some unknown number of teachers who would not otherwise pay to take a course, will choose to use the waiver and enroll in a qualifying institution.
- Reimbursement to state-supported colleges and universities, is limited to the availability of state funds that are specifically appropriated for fee waiver and discount programs.
- Institutions receive a proportional distribution of available funds based on each school's share of the total amount of tuition and fee waivers used.
- THEC monitors the use of tuition and fee waivers by determining the number of Full-Time Equivalent (FTE) hours supported by waivers. THEC calculates 1 FTE to equal 15 undergraduate credit hours or 12 graduate hours.
- Full-time enrollment (FTE) use of the waiver is equivalent to an average of 4 classes.

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- Based on information provided by the Department of Human Resources, there are 39,085 full-time state employees.
- Based on information provided by the Department of Education, there are an estimated 68,838 full-time teachers.

Assumptions relative to Locally Governed Institutions:

- There were an estimated 497 FTE waivers issued from locally governed institutions (LGIs) for state employees.
- At 4 classes per FTE, this represents utilization rate of approximately 5.1 percent $[(497 \times 4) / 39,085]$ the total number of full-time state employees.
- The average course waiver is estimated to be \$1,331 each.
- Applying the same utilization percentage to full-time public-school teachers as full-time state employees and dividing by four, would result in 878 $[(68,838 \times 5.1\%) / 4]$ waivers.
- This legislation authorizes public-school teacher to be eligible for enrollment in one graduate course related to the field of teaching.
- At least 25 percent or 220 $(878 \times 25\%)$ waivers will be in a graduate course related to the field of teaching.
- The total amount of waivers is estimated to exceed \$292,820 $(220 \text{ course waivers} \times \$1,331)$ for the LGIs.

Assumptions relative to University of Tennessee System:

- There were an estimated 162 FTE waivers issued from a University of Tennessee (UT) System for state employees.
- At 4 classes per FTE, this represents utilization rate of approximately 1.66 percent $[(162 \times 4) / 39,085]$ of the total number of full-time state employees.
- The average course waiver is estimated to be \$1,673 each.
- This legislation authorizes public-school teacher to be eligible for enrollment in one course per academic year versus the four for state employees.
- Applying the same utilization percentage to full-time public-school teachers as full-time state employees and dividing by four, would result in 286 $[(68,838 \times 1.66\%) / 4]$ waivers.
- This legislation authorizes public-school teacher to be eligible for enrollment in one graduate course related to the field of teaching.
- At least 25 percent or 72 $(286 \times 25\%)$ of the 286 waivers will be in a graduate course related to the field of teaching.
- The total amount of waivers is estimated to exceed \$120,456 $(72 \text{ course waivers} \times \$1,673)$ for the UT System.

Assumptions relative to total impact:

- Public Chapter 120 of the 112th Tennessee General Assembly (PC120) declared legislation enacted after January 1, 2021, that mandates a discount or waiver of tuition or fees program at public institutions of higher education, unenforceable against the institution affected in any fiscal year the General Assembly fails to appropriate a sum sufficient to fully fund the program. PC120 only applies for the duration of the 112th

General Assembly.

- The estimated increase to state expenditures from the General Fund for the inclusion of one course for public school teachers is estimated to exceed \$413,276 (\$292,820 LGI + \$120,456 UT) in FY22-23.
- The net impact to public institutions of higher education will be not significant in FY22-23.
- Any reimbursement to institutions in subsequent years is subject to appropriation by the General Assembly and cannot be reasonably determined.
- A new group of teachers are expected to take advantage of the free course each year.
- The total decrease in state revenue in each FY23-24 and subsequent years is as follows: exceeds \$292,820 LGI; exceeds \$120,456 UT.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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